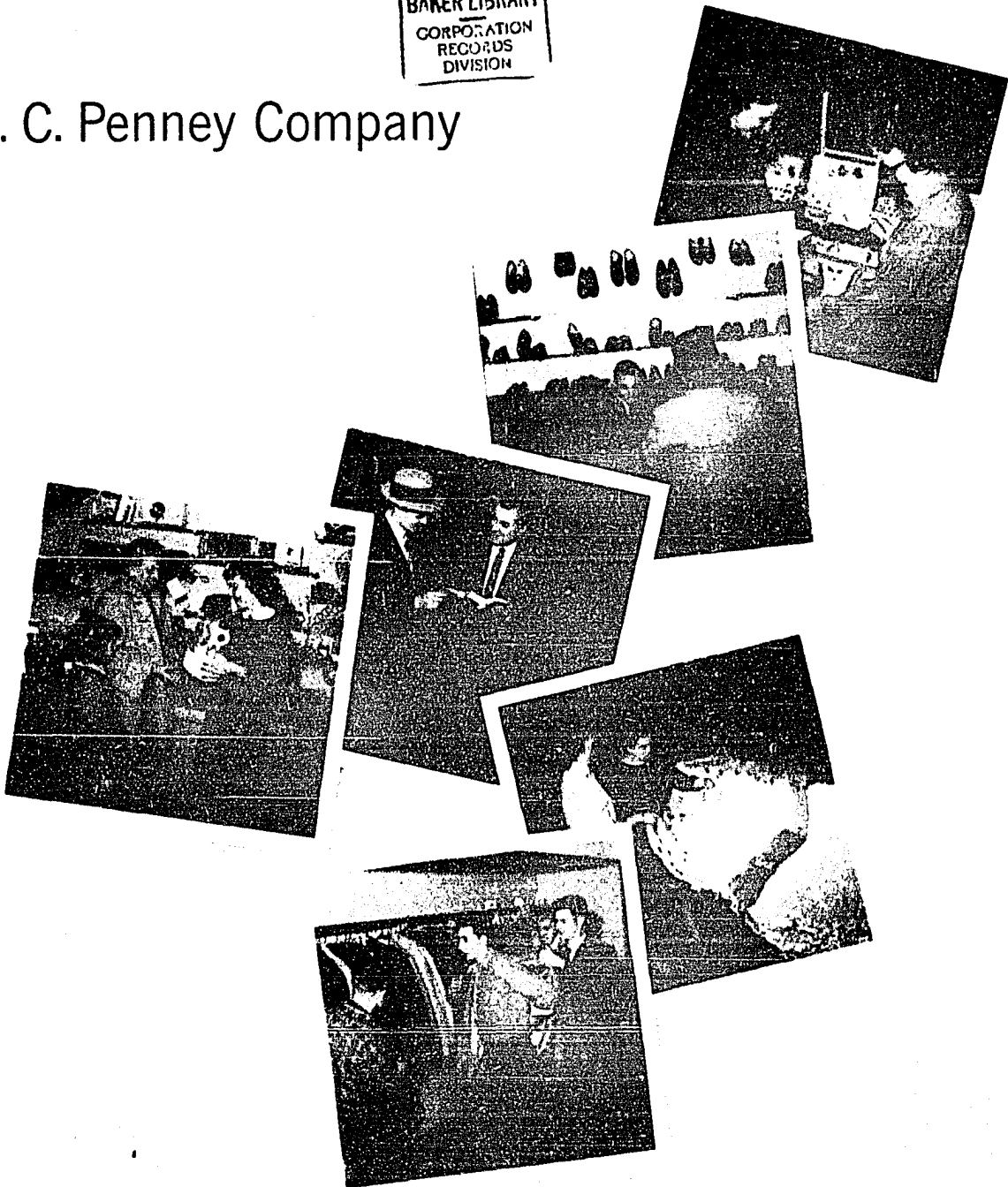


Annual Report 1957

HARVARD UNIV.
G.S. OF B.A.
BAKER LIBRARY
CORPORATION
RECORDS
DIVISION

J. C. Penney Company



Penney's Growth Pattern

The steady growth of your Company continued, in 1957 as in the past, to follow a three-dimensional pattern. New stores constitute one dimension, moving established stores to new and larger buildings is another and expanding or improving established stores is a third. In the last ten years we have opened 163 new stores, relocated 270 existing stores and expanded or improved at least two-thirds of our stores. In this same ten-year period the average store volume rose from about \$550,000 to approximately \$775,000 and total Company sales volume increased more than \$400 million.



The following new stores were opened in 1957

ALABAMA
Birmingham
(Five Points West Shopping Center)
Birmingham
(Roebuck Plaza Shopping Center)
CALIFORNIA
Concord
(Concord Shopping Center)
COLORADO
Denver
(J.C.R.S. Shopping Center)
GEORGIA
Atlanta
(Northeast Plaza Shopping Center)
ILLINOIS
Berwyn
(Cermak Plaza Shopping Center)
INDIANA
Indianapolis
(Eastgate Shopping Center)
MICHIGAN
Pontiac
(Miracle Mile Shopping Center)
MISSISSIPPI
Brookhaven
MISSOURI
Grandview
(Truman Corners Shopping Center)

NEW JERSEY
Dover
(Dover Shopping Center)
Parlin
(Sayre Woods Shopping Center)
NEW MEXICO
Alamogordo
NEW YORK
Latham
(Latham Corners Shopping Center)
Port Richmond
(Staten Island Plaza Shopping Center)
Rochester
(Southtown Plaza Shopping Center)
Valley Stream
(Green Acres Shopping Center)
OHIO
Columbus
(Great Southern Shopping Center)
OKLAHOMA
Midwest City
(West Atkinson Plaza Shopping Center)

TENNESSEE
Memphis
(Southgate Shopping Center)
TEXAS
Corpus Christi
(Parkdale Plaza Shopping Center)
Houston
(Meyerland Plaza Shopping Center)
VIRGINIA
Norfolk
(Southern Shopping Center)
Richmond
(Willow Lawn Shopping Center)
WASHINGTON
Tacoma
(Villa Plaza Shopping Center)
WISCONSIN
Superior



ANNUAL MEETING ANNOUNCEMENT

The annual meeting of shareholders will be held April 28, 1958 at 330 West 34th Street, New York, N. Y., at 10 A. M. You are cordially invited to attend. A proxy statement, including a request for proxies, will be mailed to stockholders on or about March 28, 1958. Your prompt attention to the proxy statement and the proxy will be greatly appreciated.

Directors

J. C. PENNEY, Chairman	H. C. MILLS
E. A. DANTZ	E. A. JOSE
W. M. BATTEN	H. F. TORREY
F. B. BROWN	R. C. WEIDERMANN
J. H. HERBERT	C. L. WRIGHT
A. W. HUGHES	

Officers

J. C. PENNEY, Chairman	H. F. TORREY
A. W. HUGHES	W. F. JOSE
W. M. BATTEN	F. B. BROWN
F. B. BROWN	R. C. WEIDERMANN
J. H. HERBERT	C. L. WRIGHT
A. W. HUGHES	

1957

45th

Annual Report

Contents

Penney's Growth Pattern	Inside Front Cover
Highlights	2
Letter from the President	3
Company Operations in Review	4
Balance Sheet	6-7
Earnings and Retained Earnings	8
Notes to Financial Statements	9
Accountants' Report	9
Ten Year Financial Review	10-11
Penney's Record of Growth	12
Penney's—Shopping Headquarters	13
Our Customers	14
Our Suppliers	15
Plans for Growth in 1958	16
Penney Stores in Every State and Section	Inside Back Cover

J. C. PENNEY COMPANY

A Delaware Corporation

Founded 1907

CENTRAL OFFICE, 130 WEST 44TH STREET, NEW YORK 1, N.Y.

Transfer Agent

Chemical Bank Exchange Trust

200 Broadway, New York 1, N.Y.

Registrar

The Chase Manhattan Bank

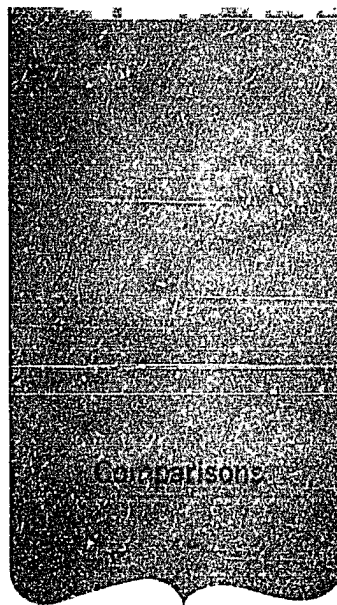
40 Wall Street, New York 1, N.Y.

Sole Leasing Office

New York Stock Exchange

100 Broadway, New York 1, N.Y.

Highlights
Of Penney's
1957 Results
and Preceding Year . . .



	1957	1956
Stores	1694	1687
Sales	\$1,312,278,407.77	\$1,291,867,267.03
Average sales per store (full year)	775,491.46	766,182.18
Net earnings	49,410,891.68	46,780,721.92
Earnings per share	6.00	5.68
Number of shares outstanding	8,231,952	8,231,952
Taxes—federal, state and local	66,494,154.96	62,835,265.84
Taxes per share	8.08	7.63
Dividends	34,985,796.00	34,985,796.00
Dividends per share	4.25	4.25
Earnings retained for reinvestment in the business	14,425,095.68	11,794,925.92
Inventories	185,576,374.78	179,785,684.61
Shareholders' equity	270,293,818.29	255,868,722.61
Shareholders	33,720	31,695



To Our Shareholders:

In this report you will find a summary of operations of the Penney Company for 1957.

Sales were the highest in our 56 years, reaching a total of \$1,312,278,-407.77. Likewise the profits of the Company recorded a new high with net earnings of \$6.00 per share.

Dividends paid during the year totaled \$4.25 per share on the 8,231,952 shares of common stock. The Company, as you probably are aware, has no bonds, debentures, preferred stock, long-term notes or other securities entitled to preference over the common stock. Although the Penney Company was founded in 1902, Penney stock was not listed on the New York Stock Exchange until 1929. The Company has since shown a profit regularly each year and paid dividends regularly each year for the last 29 years.

During 1957 the program of modernizing stores, relocating established stores and opening new units was continued. It is described in greater detail in this report.

The program of maintaining and improving the physical condition and appearance of our stores is, of course, highly important. We believe it is even more important to maintain and improve wherever possible the quality of our merchandise and of our personnel.

In the past year, as in other years, we have made every effort to carry out these two objectives since they are the best assurance of improving our service to the American consumers.

Again I want to thank our thousands of suppliers for their continued cooperation. Also, no report of the Penney Company would be adequate without an expression of appreciation for the loyal, devoted efforts of the thousands of Penney associates who have made possible our progress. We believe your Company is in excellent shape to meet the problems and take advantage of the abundant opportunities ahead of us.

Sincerely,

A handwritten signature in cursive script that reads 'A. W. Hughes'.

President

February 17, 1958

Company Operations

... in Review

Sales

1957 sales totaled \$1,312,278,407.77 compared with 1956 sales of \$1,291,867,267.03. This was an increase of \$20,411,140.74 or 1.58 per cent. December sales of \$202,376,464.22 represented a new high for any single month in our history and were larger than the sales of the chain of 1,466 stores for the entire year 1933. In the last 10 years the number of stores has grown from 1,601 to 1,694. In that same period the Company's sales have increased steadily (as shown by the table in this report) from \$885 million to the 1957 total. These figures naturally reflect the rise in family incomes and the increased price of merchandise during that period. They also are indicative of the Company's program of improving and enlarging stores and of opening new stores with better facilities and greater possibilities.

*Earnings,
Dividends
and Taxes*

Along with the sales increase for the year of 1.58 per cent there was an increase of 5.62 per cent in net earnings. Earnings before Federal income taxes totaled \$102,560,891.68 compared with \$97,130,721.92 in 1956. After provision for Federal income taxes of \$53,150,000.00 the net earnings were \$49,410,891.68 or \$6.00 per share. This was an increase of 32¢ per share over 1956. Dividends totaling \$4.25 per share were paid during the year. These consisted of four quarterly payments of 75¢ and an extra dividend of \$1.25. The payment of \$4.25 equaled 70.81 per cent of the net earnings for the year. \$14,425,095.68 or \$1.75 per share was added to surplus for the operation and development of the Company.

*Financial
Position
and Inventory*

In 1957 your Company operated without borrowings even of a temporary nature. At the year-end the total of cash and short-term Government securities was \$153,395,332.30, or \$4,720.268.62 more than the corresponding figure on December 31, 1956. The merchandise inventory at the year-end was \$185,576,374.78.

Inventories were generally well-controlled throughout the year. The year-end inventory, which was valued on the basis of cost or market, whichever was lower, was well in line with the sales volume. These results, we feel, were very much to the credit of the store managers who in the Penney Company have the primary responsibility for the merchandising of their individual stores.

*Store
Modernization
and
New Stores*

26 new stores were opened in 1957, chiefly in shopping centers, in 19 different states. This was slightly less than the number projected at the beginning of the year. A number of shopping centers which had been planned and in which our Company had leases were either deferred or cancelled because of the inability of their developers to secure adequate financing on favorable terms. This problem of financing also affected our plans for expansion in 1958. About 19 new stores are definitely planned for 1958, again largely in shopping centers.

In addition to the new stores, 35 existing stores were relocated in new buildings. 145 other stores were improved, enlarged or refitted. As you probably are aware, it is the general policy of the Company to lease our store buildings rather than tying up operating capital in real estate. About 50 of our store buildings are owned by the Company. This means that the major investment in new stores or in the substantial alterations of existing stores is made by the Company's landlords. In 1957 the capital expenditures for the Penney Company totaled \$12.5 million, somewhat less than the 1956 figure of \$16 million.

*Stores
Closed*

In 1957, 19 Penney stores were closed. These stores generally were stores of small volume in communities or areas where the potential was felt to be too limited to support a representative Penney store. Somewhat less than 100 small stores have been closed in the last 10 years. This action has led to erroneous reports that the Company was planning to close all stores in small communities. This is not true. No store is closed without a thorough survey of the community and of the trading area. In a number of smaller communities these surveys have indicated that there was an opportunity for increased volume. In such situations the Company is taking the necessary steps to capitalize more fully on this opportunity.

Last October a statement was sent to all stockholders advising them "of the intention of our Company to test credit sales in a small group of stores early next year." This announcement aroused a great deal of comment because since Mr. Penney started his first store in 1902, our business has been on a strictly cash-and-carry basis. The decision to test credit was made after a prolonged and careful study and after the most thoughtful consideration. Since then we have been asked many times how the test was working out and even when credit would be available in all Penney stores.

*Penney
and
Credit*

As stated last October, it was not the Company's intention to start this test until sometime in 1958. Again it should be emphasized that the test will be made in a small group of stores. One of the advantages of a multiple store operation is the opportunity to test innovations or changes of any sort in a limited area before taking steps affecting the entire Company. No decision as to the future policy of the Company will be made until there has been full opportunity to weigh the results of our test. In the meantime all Penney stores, except the small group, will continue to follow the traditional Penney cash policy.

A large part of this report is devoted to the financial position of the Company, to new and improved stores and to other matters. It is, however, still the basic belief of our Company that the two most important factors in our business are *merchandise* and *people*.

*Merchandise
and
People*

The phrase "Always First Quality" which appeared last year in Penney advertisements in over 2,000 newspapers has a double meaning as applied to Penney merchandise. It means that we do not sell seconds, irregulars or substandard merchandise. More than that it is a challenge to the 250 members of our buying staff, with the cooperation of our 6,500 suppliers, constantly to strive for improvement in the value and quality of the things we sell. It also emphasizes the responsibility of our testing laboratory and its role in making sure that customers will be happy with their purchases.

Success in retailing depends to a very large degree on the manner in which the individual customer is treated by the salesperson. People like to go back to a store where they are given friendly, intelligent and helpful service. Because of a realization of this simple fact, the Penney Company has always put the greatest emphasis on personnel and personnel relations. During 1957 further progress was made in our recruiting and training programs. Fifty-six years of experience have shown that the Penney philosophy of sharing the profits with those who produce them has fully justified itself in the morale and spirit of Penney associates.

This is a report for 1957. During the last quarter of that year, there was a change in the economic climate in our country. The year ended in an atmosphere of doubt and hesitation. So far as the Penney Company was concerned it was an excellent year. As we look ahead into 1958, there are too many unknown factors to make definite predictions. However, we believe that you as a shareholder can have confidence in the ability of this Company to continue its record of serving well and profitably the consumers of America. Among other reasons justifying this confidence are these:

What's Ahead?

The types of merchandise handled—daily needs and wants.

The Company's record since 1902.

A strong and liquid financial position.

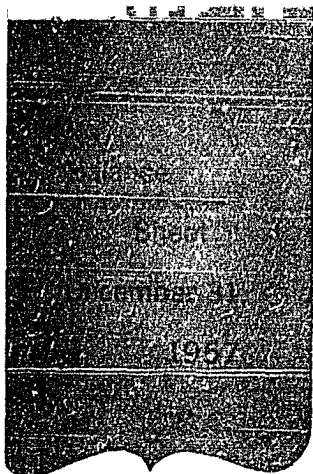
The broad and diversified location of 1,694 stores in 48 states.

The generally excellent condition of the stores and the favorable conditions of our leases.

The quality, value and reputation of Penney merchandise.

The morale and experience of Penney people.

We in the Penney Company appreciate the confidence the shareholders have shown in us and the support you have given us. We shall endeavor to discharge well our responsibility to you.

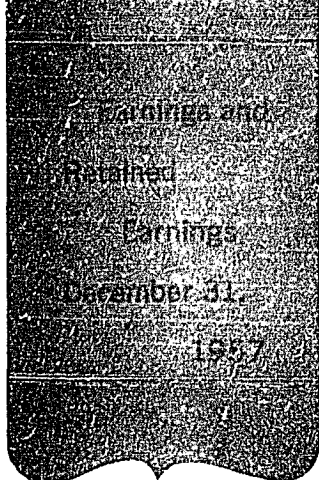


with comparative figures for 1956

Assets

	1957	1956
Current assets:		
Cash	\$128,548,474.25	\$123,538,262.77
U. S. Government securities, at cost plus accrued interest (approximate market price)	24,846,858.05	25,136,800.91
Accounts receivable—miscellaneous	2,316,205.72	2,381,964.00
Merchandise (note 1)	185,576,374.78	179,785,684.61
Total current assets	<u>341,287,912.80</u>	<u>330,842,712.29</u>
Property and equipment, at cost less provision for depreciation and amortization:		
Land	2,099,160.89	1,980,633.02
Buildings	6,121,130.62	6,266,234.83
Furniture and fixtures	58,242,028.21	55,887,908.33
Improvements to leaseholds	4,766,497.82	5,030,740.10
	<u>71,228,817.54</u>	<u>69,165,516.28</u>
Prepaid expenses and deferred charges	3,342,604.09	3,389,540.75
	<u>\$415,859,334.43</u>	<u>\$403,397,769.32</u>

Liabilities	1957	1956
Current liabilities:		
Accounts payable and accrued liabilities	\$ 85,042,155.64	\$ 84,941,012.83
Dividends payable in January of following year	16,463,904.00	16,463,904.00
Provision for Federal taxes on income	38,910,692.50	41,383,894.98
	<hr/>	<hr/>
Total current liabilities	140,416,752.14	142,788,811.81
	<hr/>	<hr/>
Reserves for fire losses and associates' death benefits	5,148,764.00	4,740,234.90
	<hr/>	<hr/>
Shareholders' equity:		
Common stock, no par value:		
Authorized, 9,000,000 shares.		
Outstanding, 8,231,952 shares	34,122,766.67	34,122,766.67
Retained earnings	236,171,051.62	221,745,955.94
	<hr/>	<hr/>
Total shareholders' equity	270,293,818.29	255,868,722.61
	<hr/>	<hr/>
	<u>\$415,859,334.43</u>	<u>\$403,397,769.32</u>



with comparative figures for 1956

Year Ended December 31

Earnings	1957	1956
Sales	\$1,312,278,407.77	\$1,291,867,267.03
Deduct:		
Cost of merchandise sold, and selling and general expenses (exclusive of items set forth below) . .	1,178,871,734.35	1,166,256,131.94
Maintenance and repairs	2,799,651.33	2,508,199.22
Depreciation and amortization	10,062,449.22	8,783,512.08
Taxes, other than taxes on income	12,094,154.96	11,255,265.84
Company contributions to retirement plans . . .	6,034,979.50	5,729,060.21
	<u>1,209,862,969.36</u>	<u>1,194,532,169.29</u>
	102,415,438.41	97,335,097.74
Miscellaneous income—net	<u>1,395,453.27</u>	<u>1,025,624.18</u>
	<u>103,810,891.68</u>	<u>98,360,721.92</u>
Provision for taxes on income:		
Federal	53,150,000.00	50,350,000.00
State and City	1,250,000.00	1,230,000.00
	<u>54,400,000.00</u>	<u>51,580,000.00</u>
Net earnings for the year	<u>\$ 49,410,891.68</u>	<u>\$ 46,780,721.92</u>
Retained Earnings		
Balance at beginning of year	\$ 221,745,955.94	\$ 209,951,030.02
Net earnings for the year	<u>49,410,891.68</u>	<u>46,780,721.92</u>
	271,156,847.62	256,731,751.94
Dividends—\$4.25 per share	<u>34,985,796.00</u>	<u>34,985,796.00</u>
Balance at end of year	<u>\$ 236,171,051.62</u>	<u>\$ 221,745,955.94</u>
Common stock outstanding at end of year . . Shares	<u>8,231,952</u>	<u>8,231,952</u>
Earnings per share	<u>\$6.00</u>	<u>\$5.68</u>

Notes to financial statements:

- 1 Inventories are stated at the lower of cost or market determined as follows: Merchandise in stores—by the retail method. Other inventories—cost determined by the first-in first-out method and market on the basis of replacement cost.
- 2 At December 31, 1957 the total minimum annual fixed rentals payable under leases expiring after five years was approximately \$9,300,000.00. Leases covering about 75% of this amount will expire on various dates during the next twenty years.

PEAT, MARWICK, MITCHELL & CO.
ACCOUNTANTS AND AUDITORS
SEVENTY PINE STREET
NEW YORK 6, N. Y.

Accountants' Report

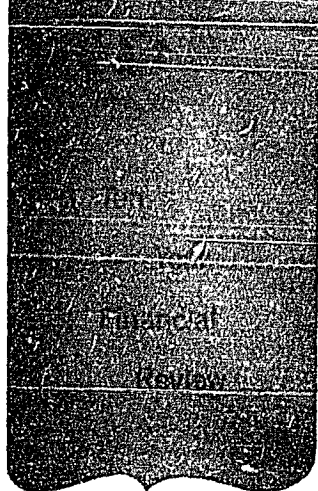
To the Shareholders and the Board of Directors
J. C. Penney Company:

We have examined the balance sheet of J. C. Penney Company as of December 31, 1957 and the related statements of earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of J. C. Penney Company at December 31, 1957 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

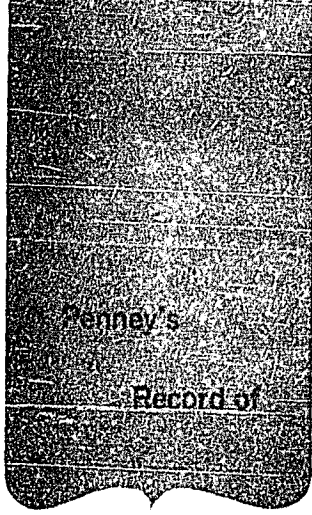
New York, N. Y.
February 17, 1958

Peat, Marwick, Mitchell & Co.



	1957	1956	1955	1954
Number of Stores	1,694	1,687	1,666	1,644
Sales	\$1,312,278,407	\$1,291,867,267	\$1,220,085,325	\$1,107,156,633
Average Sales per Store (full year)	775,491	766,182	735,293	674,844
Net Earnings	49,410,891	46,780,721	46,139,608	43,616,938
Earnings per Share	6.00	5.68	5.60	5.30
Taxes—federal, state and local	66,494,154	62,835,265	60,831,930	54,596,983
Taxes per Share	8.08	7.63	7.39	6.63
Dividends per Share	4.25	4.25	3.95	3.50
Earnings retained for reinvestment in the business .	14,425,095	11,794,925	13,623,398	14,805,106

1953	1952	1951	1950	1949	1948
1,634	1,632	1,621	1,612	1,607	1,601
\$1,109,507,674	\$1,079,256,505	\$1,035,201,519	\$949,711,735	\$880,200,216	\$885,195,136
680,511	662,633	641,368	590,471	548,473	550,619
38,472,932	37,170,071	33,465,139	44,930,816	41,792,675	47,753,929
4.67	4.52	4.07	5.46	5.08	5.80
64,750,062	64,322,528	58,379,919	49,392,793	33,583,416	36,839,618
7.87	7.81	7.09	6.00	4.08	4.48
3.50	3.50	3.25	3.50	3.00	2.50
9,661,100	8,358,239	6,711,295	16,118,984	17,096,819	27,174,049

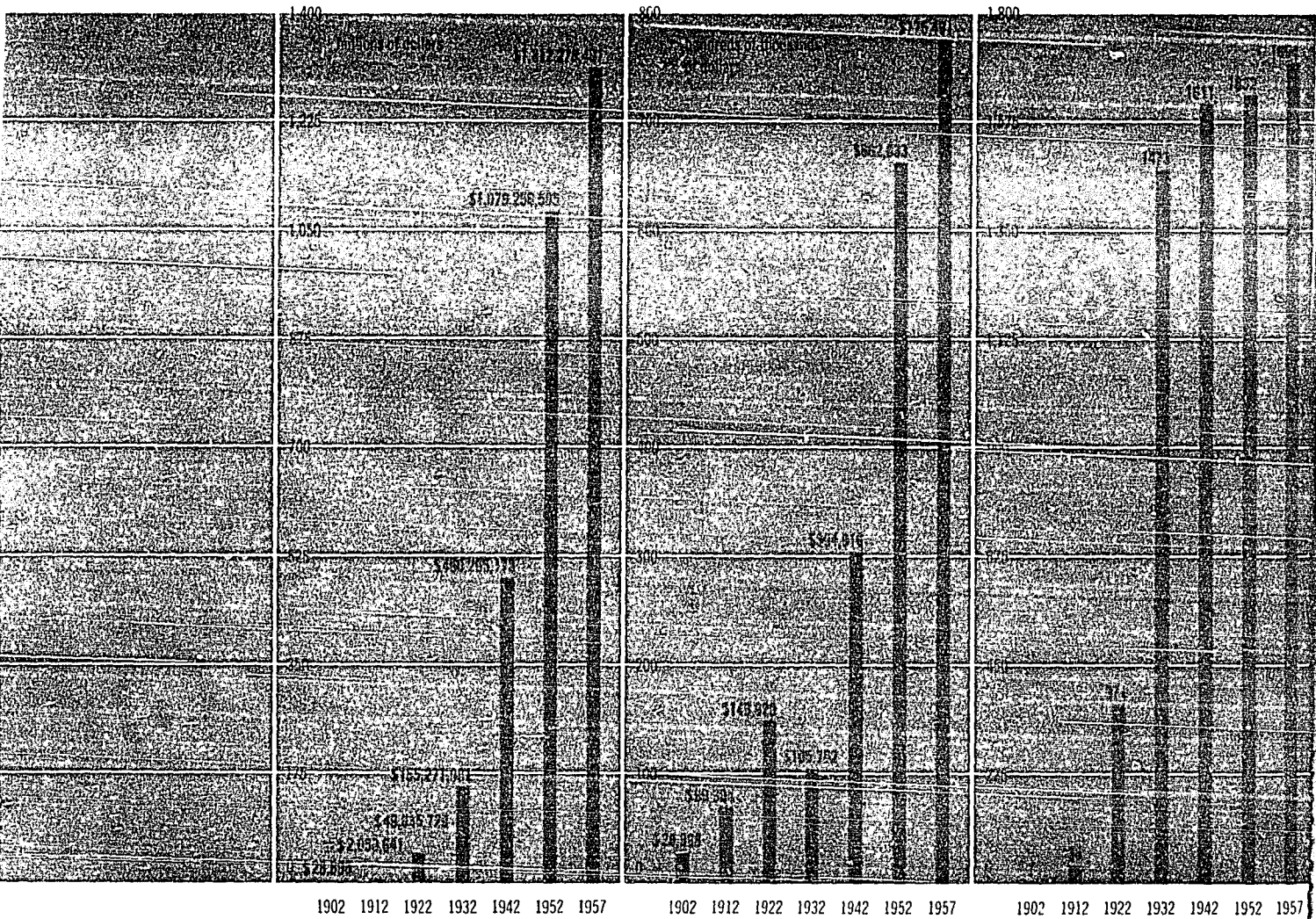


Growth

in Total Sales

in Average Sales per Store

in Number of Stores



1902 1912 1922 1932 1942 1952 1957

1902 1912 1922 1932 1942 1952 1957

1902 1912 1922 1932 1942 1952 1957

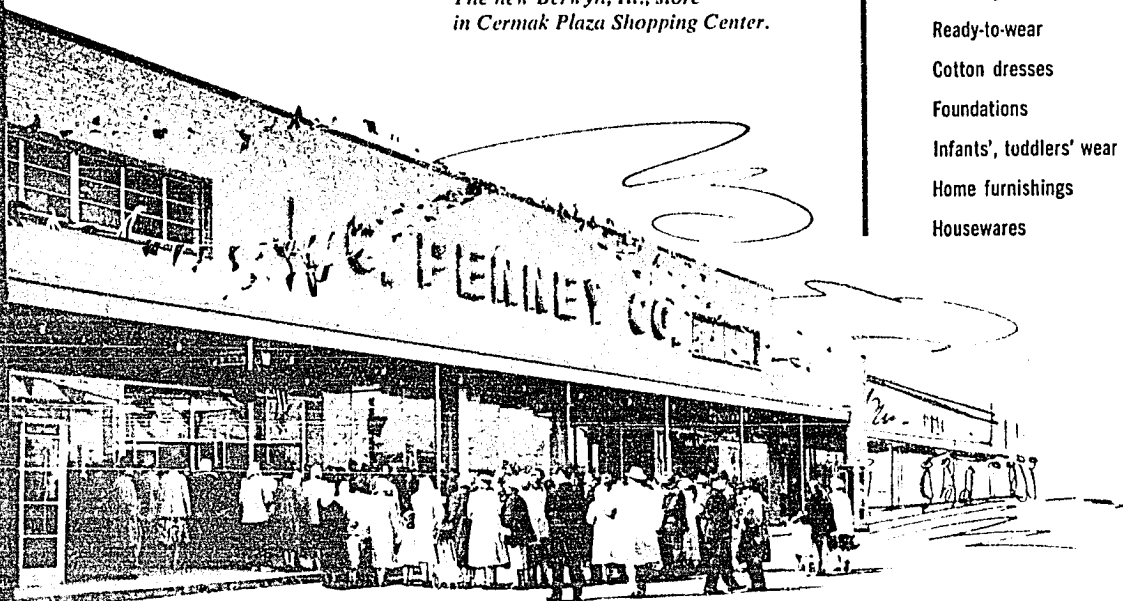
New location of the Asheville, N. C. store.



PENNEY'S . . .

The first Penney store was opened in 1902 in Kemmerer, Wyoming. That first year the 20 by 40-foot store did a total business of \$28,898, all cash (see opposite page). Nine years later, by 1911, the single store had grown to a chain of 22 stores and gross business crossed the million-dollar mark totaling \$1,183,279. Fifteen years later, in 1926, yearly sales topped \$100 million, or \$115,683,023. The first two hundred million dollar year was in 1934, when stores numbered 1,474, and the first two hundred million dollar month occurred in December 1957. We look forward to continued steady growth and other important milestones in the years ahead.

*The new Berwyn, Ill., store
in Cermak Plaza Shopping Center.*



headquarters

for . . .

Women's accessories and furnishings

Piece goods and notions

Domestics and bedding

Curtains and draperies

Shoes for the family

Men's hats

Men's clothing and sportswear

Men's furnishings and accessories

Boys' and girls' wear

Men's work and outdoor clothes

Millinery

Ready-to-wear

Cotton dresses

Foundations

Infants', toddlers' wear

Home furnishings

Housewares

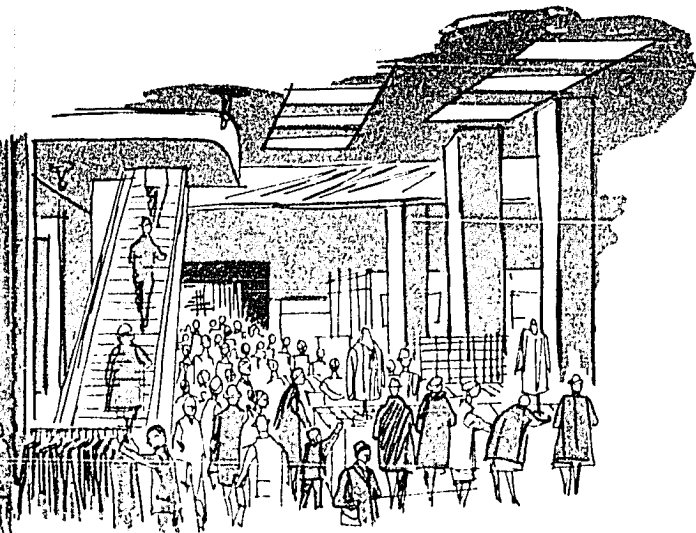


Our Customers . . .

People like the quality of our merchandise and the fairness of our prices. Quite often they tell us so, and especially that they like the friendliness and helpfulness of Penney folk. This helps explain why it's not at all uncommon for us to hear from customers who, after moving to a non-Penney community, write to ask us to *please* open a store in their new home town. Helps explain too why mothers think nothing of sending a youngster to Penney's with a list of items wanted and the wherewithal, knowing Penney's will pick and choose for her child as carefully as she would herself. Naturally we treasure such warm relationships which make us feel there's just no customer like a Penney customer!

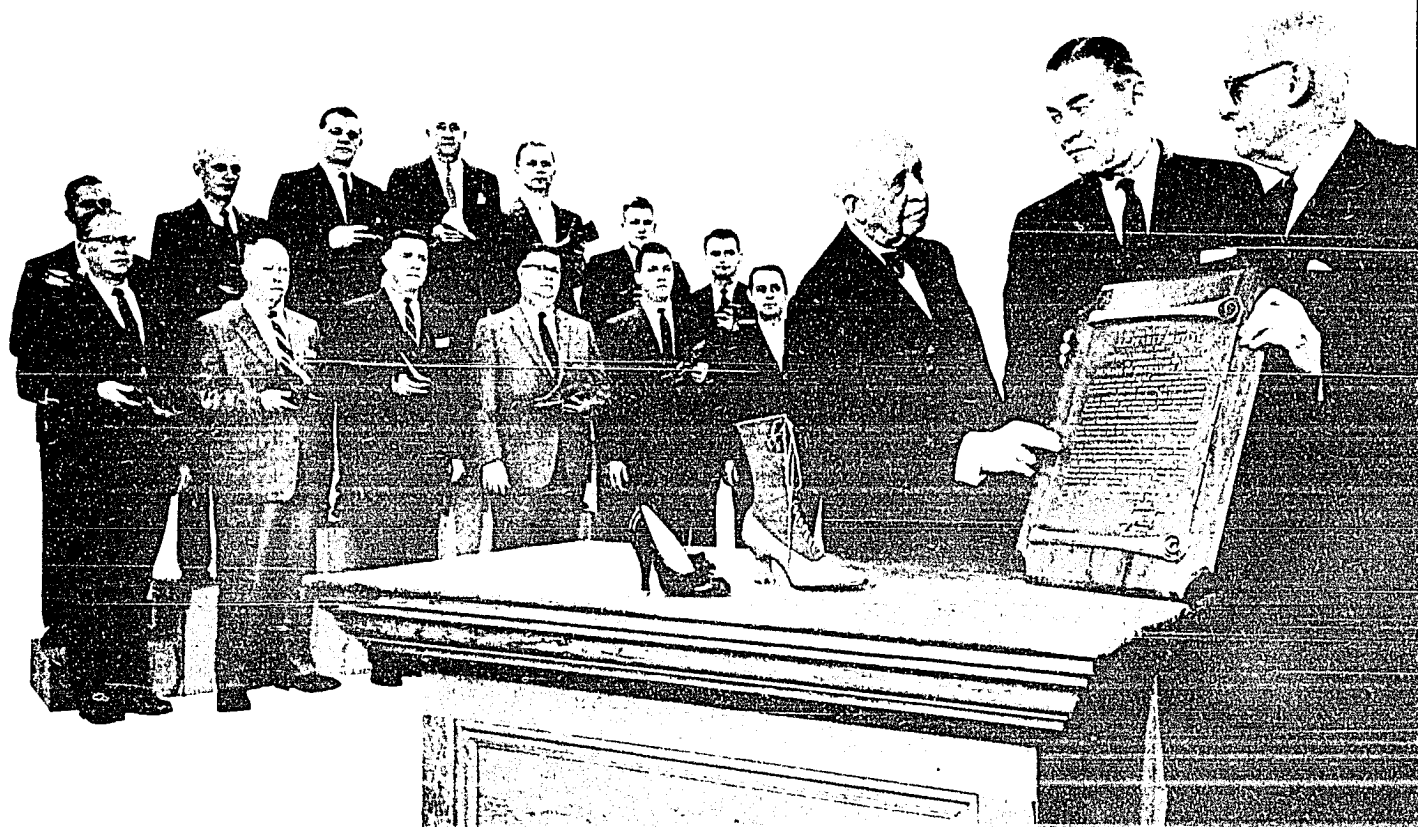


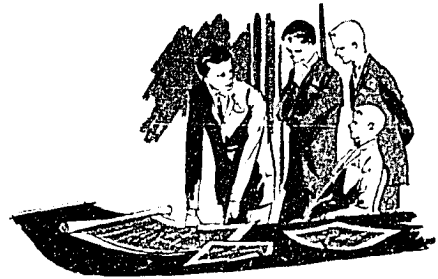
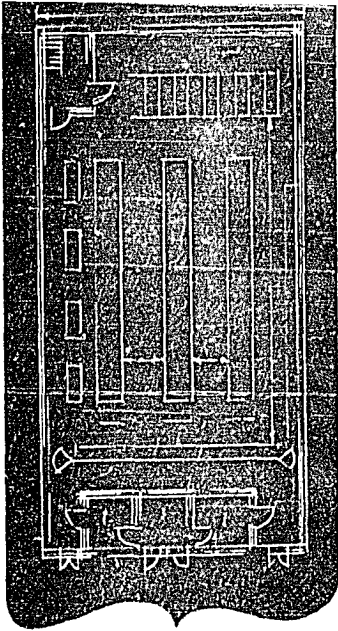
The photographs on this page, and those on the front cover, were taken in our new store in the Staten Island Plaza Shopping Center, Port Richmond, New York, which opened April 25, 1957.



We take pride in our relationships with more than 6,500 vendors who supply the things we sell. Our relationships with many of these suppliers go back as many as 25 years and with a few as much as a half-century. A typical long-time relationship was celebrated recently when International Shoe Company presented to Penney's a bronze plaque celebrating 50 years of doing business together. In photo below, J. C. Penney, founder and board chairman, and P. C. Hanne, head shoe buyer who accepted the plaque, are shown with P. B. Jamison, retired officer and director of International Shoe Company who first sold shoes to Mr. Penney in 1907. In background are members of Penney's shoe buying department holding samples of the lines they buy.

and Our Suppliers . . .





Plans

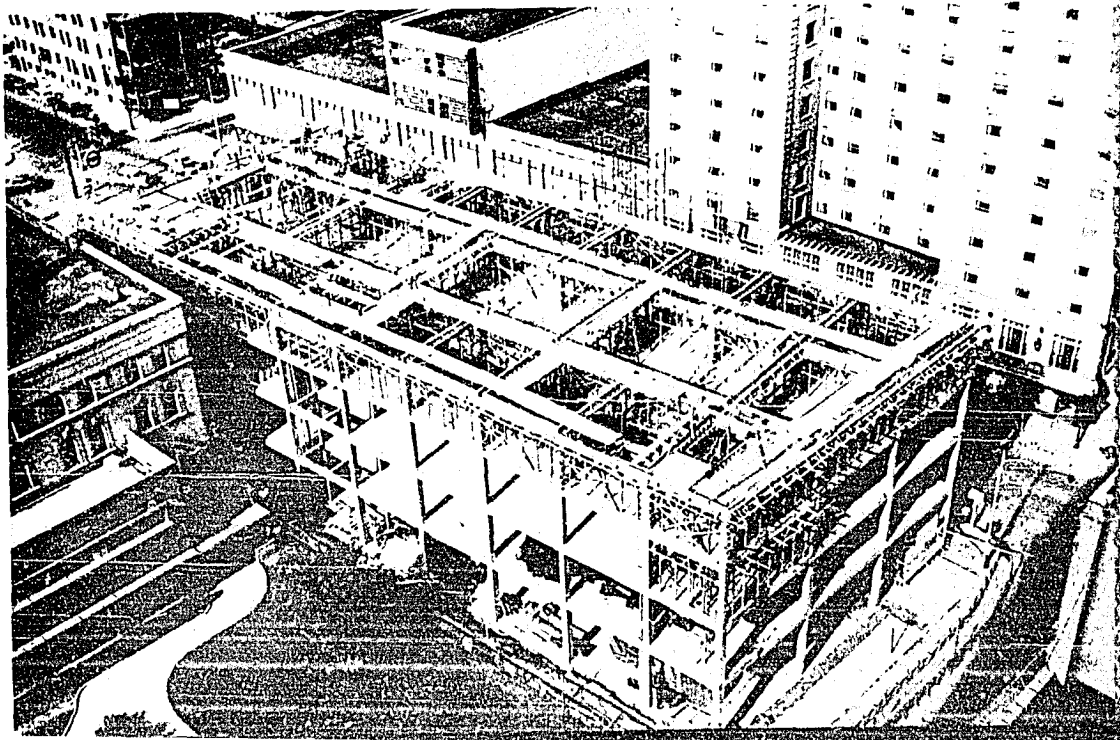
for Penney's Growth in 1958

19 new stores are scheduled to open.

30 established stores are slated to be moved to new buildings.

170 established stores are scheduled to be expanded or improved.

Penney's Charleston, West Virginia, store will increase its net selling area about 135 per cent when it moves into its new building this spring.



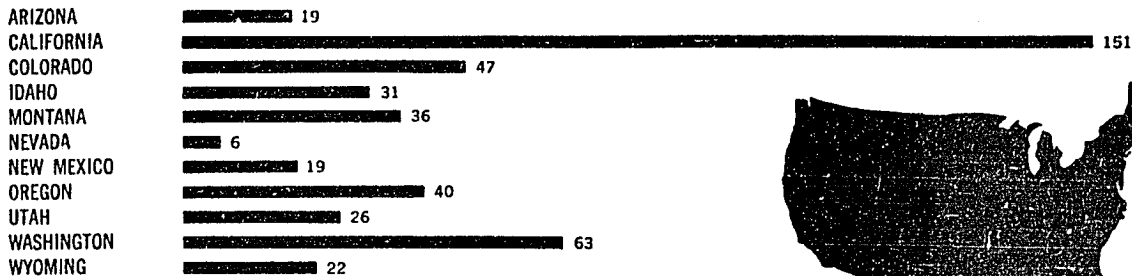
There are

Penney stores in

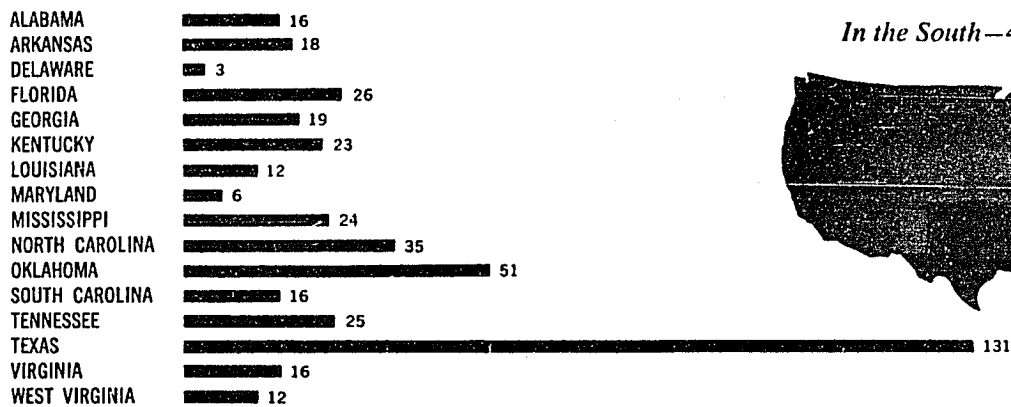
every state and section

(as of December 31, 1957)

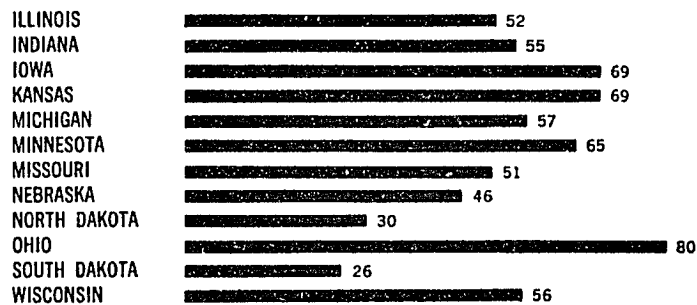
In the West—460 Stores



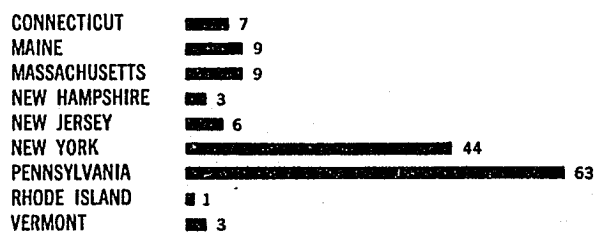
In the South—433 Stores



In the North Central—656 Stores

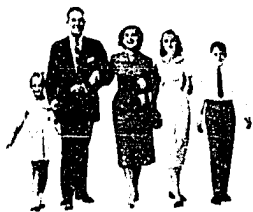


In the Northeast—145 Stores



Penney's

Always First Quality



SHOP PENNEY'S... You'll live better, you'll save!